

CITY OF BELLE PLAINE
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2011

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City of Belle Plaine

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Jim Daily	Mayor	Jan 2012
Harold Ealy	Mayor Pro tem	Jan 2012
Garrison Reekers	Council Member	Jan 2014
Marv DeRycke	Council Member	Jan 2014
Jim Kurovski	Council Member	Jan 2014
Craig Van Scoyoc	Council Member	Jan 2012
Kaye Buch	City Clerk	Indefinite
Jennifer Zahradnik	Attorney	Indefinite

Alan W. Flick, C.P.A.
Gina E. Trimble, C.P.A.

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Independence, IA 50644
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Independent Auditor's Report

To the Honorable Mayor and
Members of the City Council:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Belle Plaine, Iowa, as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements listed in the table of contents. These financial statements are the responsibility of the City of Belle Plaine's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

As described in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Belle Plaine as of June 30, 2011, and the respective changes in cash basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated September 30, 2011 on our consideration of the City of Belle Plaine's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 6 through 11 and 29 through 31 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Belle Plaine's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the six years ended June 30, 2010 (which are not presented herein) and expressed unqualified opinions on those financial statements which were prepared in conformity with an other comprehensive basis of accounting. Other supplementary information included in Schedules 1 through 5, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Ridihalgh, Fuelling, Snitker, Weber & Co. P.C.

RIDIHALGH, FUELLING, SNITKER, WEBER, & CO., P.C.

September 30, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Belle Plaine provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2011. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

Because the City is implementing new reporting standards for this fiscal year with significant changes in content and structure, much of the information is not easily comparable to prior years. However, in future years, comparisons will be more meaningful and will go further in explaining the City's financial position and results of operations.

2011 FINANCIAL HIGHLIGHTS

- Revenues of the City of Belle Plaine's governmental activities increased \$418,264 from fiscal 2010 to fiscal 2011. Property tax increased \$148,550, Road Use taxes increased \$676, and the local option sales tax decreased \$11,844.
- Disbursements decreased in the areas of Public Works - \$37,612; Public Works - \$45,894; Health and Social Services - \$90,761; Culture & Recreation - \$221,950; Capital Projects - \$1,680,009 and Business Type - \$104,147 from July 1, 2010 to June 30, 2011. Increases were in: Community & Economic Development - \$129,178; General Government - \$18,907; and Debt Service - \$164,777.
- As Belle Plaine completed this year, its governmental funds reported a combined a fund balance of \$3,449,329 an increase of \$1,660,886 above last year's total of \$1,788,443. The following are the major reasons for the change in fund balances of the major funds from the prior year. G.O. Bond proceeds that were received for the Downtown Revitalization Project.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the City's financial activities.

The Government-wide Financial Statement consists of a Statement of Activities and Net Assets. This statement provides information about the activities of the City as a whole and presents an overall view of the City's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report the City's operations in more detail than the government-wide statement by providing information about the most significant funds.

Notes to financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the City's budget for the year.

Other Supplementary Information provides detailed information about the non-major governmental funds.

BASIS OF ACCOUNTING

The City maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

REPORTING THE CITY'S FINANCIAL ACTIVITIES

Government-wide Financial Statement

One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse as a result of the year's activities?" The Statement of activities and Net Assets reports information which helps answer this question.

The Statement of Activities and Net Assets presents the City's net assets. Over time, increases or decreases in the City's net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities and Net Assets is divided into two kinds of activities:

- Governmental Activities include public safety, public works, culture and recreation, community and economic development, general government, debt service and capital projects. Property tax and state and federal grants finance most of these activities.
- Business Type Activities include the waterworks, sanitary sewer system and garbage. These activities are financed primarily by user charges.

Fund Financial Statements

The City has two kinds of funds:

1. Governmental funds account for most of the City's basic services. These focus on how money flows into and out of those funds, and the balances at year-end that are available for spending. The governmental funds include 1) the General Fund, 2) the Special Revenue Funds, such as Road Use Tax and Urban Renewal Tax Increment, 3) the Debt Service Fund 4) the Capital Projects Funds and 5) the Permanent Funds. The governmental fund financial statements provide a detailed, short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

The required financial statement for governmental funds include a statement of cash receipts, disbursements and changes in cash balances.

2. Proprietary funds account for the City's Enterprise Funds. Enterprise Funds are used to report business type activities. The City maintains three Enterprise Funds to provide separate information for the water, sewer and garbage funds, considered to be major funds of the City.

The required financial statements for proprietary funds include a statement of cash receipts, disbursement and changes in cash balances.

Reconciliations between the government-wide statement and the fund financial statements follow the fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of financial position. The City's cash balance for governmental activities increased \$1,660,886 from a year ago, increasing from \$1,788,443 to \$3,449,329. The analysis that follows focuses on the changes in cash balances for governmental activities.

Changes in Cash Basis Net Assets of Governmental Activities

	<u>Year ended June 30,</u>	
	<u>2011</u>	<u>2010</u>
Receipts and transfers:		
Program receipts:		
Charges for service	\$116,062	90,153
Operating grants, contributions and restricted interest		
Capital grants, contributions, and restricted interest		
General receipts		
Property Tax	962,217	875,326
Unrestricted investment earnings	62,557	79,819
Local Option Sales Tax	180,412	192,256
Intergovernmental	391,358	379,400
Other general receipts	496,222	647,910
Total receipts and transfers	2,208,828	2,627,092
Disbursements:		
Public safety	372,683	528,112
Public works	399,783	399,783
Health and social services	9,228	8,855
Culture and recreation	368,389	340,257
Community and economic development	236,419	77,607
General government	216,510	217,578
Debt service	387,011	222,552
Capital projects	952,735	515,438
Total disbursements	2,942,758	2,321,261
Increase (decrease) in cash basis net assets	1,660,886	419,470
Cash basis net assets beginning of year	1,788,443	1,368,973
Cash basis net assets end of year	<u>\$3,449,329</u>	<u>1,788,443</u>

The City's total receipts for governmental activities decreased \$418,264. The total cost of all programs and services increased by \$621,497. The increase in property taxes was the result of increased taxable value in property. The tax rate increased to \$16.48 per thousand valuation.

There was an increase of taxes receipts in 2011 was \$1,491,450. Property taxes are expected to increase by \$28,580 next year due to increases in the total assessed valuation

The cost of all governmental activities this year was \$4,505,799 compared to \$4,706,122 last year. However, as shown in the Statement of Activities and Net Assets, the amount taxpayers ultimately financed for these activities was only \$ because some of the cost was paid by other governments and organizations that subsidized certain programs with grants, contributions and restricted interest \$453,784. Debt service totaled \$ 594,660 compared to \$222,576 in 2010.

Changes in Cash Basis Net Assets of Business Type Activities

	Year ended June 30,	
	<u>2011</u>	<u>2010</u>
Receipts:		
Program receipts:		
Charges for service		
Water	\$273,658	284,038
Sewer	239,938	259,106
Garbage	231,535	291,682
YardWaste	7,056	-
Storm Water	59,956	-
Total Receipts	812,143	834,826
Disbursements and transfers:		
Water	299,833	301,289
Sewer	236,590	261,888
Garbage	223,335	301,564
Meter Deposits	-	2,082
Storm Water	2,918	-
Total disbursement & transfers	762,676	866,823
Change in cash basis net assets	49,467	(31,997)
Cash basis net assets beginning of year	<u>388,720</u>	<u>799,299</u>
Cash basis net assets end of year	<u>\$413,624</u>	<u>388,720</u>

Total business type activities receipts for the fiscal year were \$812,143 compared to \$834,826 last year. The cash balance increased by \$49,467. Total disbursements for the fiscal year increased to a total of \$762,676 compared to \$866,823 last year. Decreased by \$104,147.

INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS

As Belle Plaine completed this year, its governmental funds reported a combined fund balance of \$3,449,329 an increase of \$1,660,886 above last year's total of \$ 1,788,443. The following are the major reasons for the change in fund balances of the major funds from the prior year.

- The General Fund cash balance increased \$21,656 from the prior year. There was a increase of \$34,278 in property taxes and an decrease of \$11,844 in local option sales tax.
- The Road Use Tax Fund cash balance decrease of \$6,612.77.
- The Urban Renewal Tax Increment Fund received \$10,286 for the fiscal year 2011. This was a decrease of \$61,659 from last year.
- The Debt Service Fund cash balance increased from \$48,647 to \$988,409.

INDIVIDUAL MAJOR BUSINESS TYPE FUND ANALYSIS

- The Water Fund cash balance had a decrease of (\$23,998.11) with a balance at the end of the year of \$31,125.92 due primarily to an more projects/disbursements in the water department.
- The Sewer Fund cash balance increased \$14,637.60 with the balance of at the end of the year of \$196,014.41 due to an increase in rates.
- The Garbage Fund cash balance had an increase of \$11,405.02 with a balance at the end of the year of \$66,596.14.

BUDGETARY HIGHLIGHTS

Over the course of the year, the City amended its budget two times. One amendment was approved on January 18, 2011 in the amount of \$110,000. The other amendment was dated June 20, 2011 in the amount of \$425,550.

DEBT ADMINISTRATION

On June 30, 2011, the City has \$4,450,000 outstanding in bonds, compared to \$2,645,000 last year as shown below.

Outstanding General Obligation Debt at Year End

	<u>Year ended June 30,</u>	
	<u>2011</u>	<u>2010</u>
General obligation bonds	\$435,000	480,000
Urban renewal tax increment financing	-	65,000
General Obligation Issued during the Year - 2010	2,015,000	2,100,000
General Obligation Issued during the Year - 2011	<u>2,000,000</u>	-
Total	\$4,450,000	2,645,000

The Constitution of the State of Iowa limits the amount of general obligation debt cities can issue to 5% of the assessed value of all taxable property within the City's corporate limits. The City's outstanding general obligation debt of \$4,450,000 is significantly below its constitutional debt limit of \$4,946,178.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Belle Plaine's elected and appointed officials and citizens considered many factors when setting the fiscal year 2011 budget, tax rates, and fees that will be charged for various Belle Plaine activities. One of those factors is the economy. Unemployment in Belle Plaine (Benton County) now stands at 5.2 percent versus 6.3 percent a year ago. This compares with the State's unemployment rate of 6.0 percent.

Inflation in the State continues to be somewhat lower than the national Consumer Price Index increase. The State's CPI increase was 3.6% percent for the fiscal year 2011. Inflation has been modest here due in part to the slowing of the residential housing market and increases in energy prices in 2010-2011.

These indicators were taken into account when adopting the budget for fiscal year 2011. Amounts available for appropriation in the operating budget are \$3,862,953, an increase of \$16,857.90 over the final 2011 budget. Property tax (benefiting from the 2011 rate increases and

increases in assessed valuations) and proceeds from a newly formed local option sales tax within the county/city are expected to help with maintaining the budget. The City will use these increases in receipts to finance programs we currently offer. Budgeted disbursements are expected to increase because of capital projects.

If these estimates are realized, the City's budgeted cash balance is expected to increase by approximately \$40,472.40 by the close of 2012.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Kaye Buch, City Clerk, 1207 8th Avenue, Belle Plaine, Iowa 52208.

City of Belle Plaine

Basic Financial Statements

City of Belle Plaine

Statement of Activities and Net Assets - Cash Basis

As of and for the year ended June 30, 2011

	Disbursements	Program Receipts		
		Charges for Service	Operating Grants, Contributions, and Restricted Interest	Capital Grants, Contributions and Restricted Interest
Functions / Programs:				
Governmental activities:				
Public safety	\$ 372,683	31,225	326	-
Public works	399,783	-	269,017	13,598
Health and social services	9,228	-	-	-
Culture and recreation	368,389	76,707	30,085	81,227
Community and economic development	236,419	-	8,050	135,185
General government	216,510	25,224	-	-
Debt service	387,011	-	-	-
Capital projects	952,735	-	-	267,115
Total governmental activities	2,942,758	133,156	307,478	497,125
Business type activities:				
Water	296,905	270,958	-	-
Sewer	236,590	239,938	-	-
Storm Sewer user fees	2,918	59,956	-	-
Garbage	220,130	231,535	-	-
Yard waste	3,205	7,056	-	-
Meter Deposits	2,928	2,700	-	-
Total business type activities	762,676	812,143	-	-
Total	\$ 3,705,434	945,299	307,478	497,125

General Receipts:

Property tax levied for:
 General purposes
 Tax increment financing
 Debt service
 Special assessments
 Local option sales tax
 Unrestricted interest on investments
 Bond proceeds
 Miscellaneous
 Transfers

Total general receipts and transfers

Change in cash basis net assets

Cash basis net assets beginning of year

Cash basis net assets end of year

Cash Basis Net Assets

Restricted:
 Nonspendable
 Expendable:
 Streets
 Other purposes
 Unrestricted

Total cash basis net assets

See notes to financial statements

Net (Disbursements) Receipts and Changes in Cash Basis Net Assets		
Governmental Activities	Business Type Activities	Total
(341,132)	-	(341,132)
(117,168)	-	(117,168)
(9,228)	-	(9,228)
(180,370)	-	(180,370)
(93,184)	-	(93,184)
(191,286)	-	(191,286)
(387,011)	-	(387,011)
(685,620)	-	(685,620)
(2,004,999)	-	(2,004,999)
-	(25,947)	(25,947)
-	3,348	3,348
-	57,038	57,038
-	11,405	11,405
-	3,851	3,851
-	(228)	(228)
-	49,467	49,467
(2,004,999)	49,467	(1,955,532)
760,301	-	760,301
10,286	-	10,286
191,630	-	191,630
31,318	-	31,318
180,412	-	180,412
62,557	4,369	66,926
2,354,410	-	2,354,410
34,565	11,474	46,039
40,406	(40,406)	-
3,665,885	(24,563)	3,641,322
1,660,886	24,904	1,685,790
1,788,443	388,720	2,177,163
\$ 3,449,329	413,624	3,862,953
432,902	-	432,902
2,032	-	2,032
919,762	-	919,762
2,094,633	413,624	2,508,257
\$ 3,449,329	413,624	3,862,953

City of Belle Plaine
Statement of Cash Receipts, Disbursements
and Changes in Cash Balances
Governmental Funds

As of and for the year ended June 30, 2011

	Capital Projects			Trust & Agency	
	General	Debt Service	Downtown Streetscape	Equipment Accruals	Library Improvements
Receipts:					
Property tax	\$ 571,898	191,630	-	-	-
Tax increment financing collections	-	-	-	-	-
Other city tax	-	-	-	-	-
Licenses and permits	17,094	-	-	-	-
Use of money and property	38,698	-	-	-	6,140
Intergovernmental	326	-	-	-	-
Charges for service	116,062	-	-	-	-
Special assessments	31,318	-	-	-	-
Miscellaneous	34,228	-	59,629	13,598	26,657
Total receipts	809,624	191,630	59,629	13,598	32,797
Disbursements:					
Operating:					
Public safety	274,584	-	-	15,365	-
Public works	69,218	-	-	9,619	-
Health and social services	-	-	-	-	-
Culture and recreation	260,244	-	-	16,866	22,853
Community and economic development	1,667	-	-	8,090	-
General government	190,938	-	-	-	-
Debt service	-	387,967	-	-	-
Capital projects	-	-	482,316	-	-
Total disbursements	796,651	387,967	482,316	49,940	22,853
Excess (deficiency) of receipts over (under) disbursements	12,973	(196,337)	(422,687)	(36,342)	9,944
Other financing sources (uses):					
Bond proceeds	-	2,004,410	-	-	-
Operating transfers in	134,825	133,489	1,000,000	52,063	-
Operating transfers out	(126,142)	(1,001,800)	-	(221,800)	-
Total other financing sources (uses)	8,683	1,136,099	1,000,000	(169,737)	-
Net change in cash balances	21,656	939,762	577,313	(206,079)	9,944
Cash balances beginning of year	291,024	48,647	(138,412)	862,535	258,209
Cash balances end of year	\$ 312,680	988,409	438,901	656,456	268,153
Cash Basis Fund Balances					
Nonspendable	\$ -	-	-	432,902	-
Restricted for:					
Streets	-	-	-	-	-
Other purposes	-	-	438,901	-	-
Committed for:					
Culture and recreation	-	-	-	-	-
Streets	-	-	-	-	-
Debt service	-	988,409	-	-	-
Assigned	-	-	-	223,554	268,153
Unassigned	312,680	-	-	-	-
Total cash basis fund balances	\$ 312,680	988,409	438,901	656,456	268,153

See notes to financial statements

Other Nonmajor Governmental Funds	Total
188,403	951,931
10,286	10,286
180,412	180,412
-	17,094
17,719	62,557
391,032	391,358
-	116,062
-	31,318
313,698	447,810
1,101,550	2,208,828
82,734	372,683
320,946	399,783
9,228	9,228
68,426	368,389
226,662	236,419
25,572	216,510
(956)	387,011
470,419	952,735
1,203,031	2,942,758
(101,481)	(733,930)
350,000	2,354,410
461,501	1,781,878
(391,730)	(1,741,472)
419,771	2,394,816
318,290	1,660,886
466,440	1,788,443
784,730	3,449,329
-	432,902
2,032	2,032
480,861	919,762
71,160	71,160
15,865	15,865
-	988,409
216,096	707,803
(1,284)	311,396
784,730	3,449,329

City of Belle Plaine

Reconciliation of the Statement of Cash
Receipts, Disbursements and Changes in Cash Balances
to the Statement of Activities and Net Assets -
Governmental Funds

As of and for the year ended June 30, 2011

Total governmental funds cash balances (page 17)	\$3,449,329
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The city does not have an internal service fund.
Therefore there are no reconciling items.

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Cash basis net assets of governmental activities (page 15)	<u>\$3,449,329</u>
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Net change in cash balances (page 17)	\$1,660,886
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The city does not have an internal service fund.
Therefore there are no reconciling items.

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Change in cash balance of governmental activities (page 15)	<u>\$1,660,886</u>
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See notes to financial statements

City of Belle Plaine
Statement of Cash Receipts, Disbursements and Changes in Cash Balances
Proprietary Funds

As of and for the year ended June 30, 2011

	Enterprise Funds				Total
	Water	Sewer	Garbage	Other Nonmajor Proprietary Funds	
Operating receipts:					
Use of money and property	\$ 1,590	1,590	-	1,189	4,369
Charges for service	270,958	239,938	231,535	69,712	812,143
Miscellaneous	1,067	10,407	-	-	11,474
Total operating receipts	273,615	251,935	231,535	70,901	827,986
Operating disbursements:					
Business type activities	296,905	236,590	220,130	9,051	762,676
Total operating disbursements	296,905	236,590	220,130	9,051	762,676
Excess (deficiency) of operating receipts over (under) operating disbursements	(23,290)	15,345	11,405	61,850	65,310
Operating transfers in/(out)	(708)	(708)	-	(38,990)	(40,406)
Net change in cash balances	(23,998)	14,637	11,405	22,860	24,904
Cash balances beginning of year	55,124	181,377	55,191	97,028	388,720
Cash balances end of year	\$ 31,126	196,014	66,596	119,888	413,624
Cash Basis Fund Balances					
Assigned	\$ -	-	-	56,936	56,936
Unassigned	31,126	196,014	66,596	62,952	356,688
	\$ 31,126	196,014	66,596	119,888	413,624

See notes to financial statements

City of Belle Plaine

Reconciliation of the Statement of Cash
Receipts, Disbursements and Changes in Cash Balances
to the Statement of Activities and Net Assets -
Proprietary Funds

As of and for the year ended June 30, 2011

Total enterprise funds cash balances (page 19)	\$ 413,624
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The city does not have an internal service fund.
Therefore there are no reconciling items.

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Cash basis net assets of business type activities (page 15)	<u><u>\$ 413,624</u></u>
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Net change in cash balances (page 19)	\$ 24,904
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The city does not have an internal service fund.
Therefore there are no reconciling items.

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Change in cash balance of business type activities (page 15)	<u><u>\$ 24,904</u></u>
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See notes to financial statements

City of Belle Plaine

Notes to Financial Statements

June 30, 2011

(1) Summary of Significant Accounting Policies

The City of Belle Plaine is a political subdivision of the State of Iowa located in Benton County. It was first incorporated in 1868 and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council form of government with the Mayor and Council Members elected on a non-partisan basis. The City provides numerous services to citizens, including public safety, public works, health and social services, culture and recreation, community and economic development, and general government services. The City also provides water, sewer, and garbage utilities for its citizens.

A. Reporting Entity

For financial reporting purposes, the City of Belle Plaine has included all funds, organizations, agencies, boards, commissions and authorities. The City has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the City. The City has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations

The City participates in several jointly governed organizations that provide goods or services to the citizenry of the City but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. City officials are members of the following boards and commissions: Benton County Joint E911 Service Board, Benton County Emergency Operations Commissions, Kirkwood Community College Community Education Agreement, and Williamsburg-Marengo-Belle Plaine Drug Task Force Agreement

B. Basis of Presentation

Government-wide Financial Statements - The Statement of Activities and Net Assets reports information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from this statement. Governmental activities, which are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for services.

The Statement of Activities and Net Assets presents the City's nonfiduciary net assets. Net assets are reported in two categories:

Restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets that do not meet the definition of the preceding category. Unrestricted net assets often have constraints on resources imposed by management, which can be removed or modified.

The Statement of Activities and Net Assets demonstrates the degree to which the direct disbursements of a given function are offset by program receipts. Direct disbursements are those clearly identifiable with a specific function. Program receipts include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest on investments restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program receipts are reported instead as general receipts.

Fund Financial Statements – Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The City reports the following major governmental funds:

The General Fund is the general operating fund of the City. All general tax receipts and other receipts not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating disbursements, the fixed charges and the capital improvement costs that are not paid from other funds.

The Debt Service Fund is utilized to account for proceeds of, and the payment of interest and principal on the City's general long-term debt.

The Capital Projects – Downtown Streetscape Fund is utilized to account for the downtown street and sidewalk revitalization project going on during the year.

Trust Funds:

The Equipment Accruals Fund is a savings account for City departments. If departments have funds leftover in their budget for expenditure at the end of the fiscal year, they can transfer the balance to this fund to save up for larger equipment purchases. Also, any capital donations from the public are accrued here.

The Library Improvement Fund is used to account for donations to the Library and interest earned on the Library's investments. Disbursements from this fund are used to supplement the Library's ongoing operations.

The City reports the following major proprietary funds:

The Water Fund accounts for the operation and maintenance of the City's water system.

The Sewer Fund accounts for the operation and maintenance of the City's waste water treatment and sanitary sewer system.

The Garbage Fund accounts for the City's garbage collection contract and collections of garbage revenue.

C. Measurement Focus and Basis of Accounting

The City of Belle Plaine maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles.

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general receipts. Thus, when program disbursements are paid, there are both restricted and unrestricted cash basis net assets available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general receipts.

Proprietary funds distinguish operating receipts and disbursements from non-operating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All receipts and disbursements not meeting this definition are reported as non-operating receipts and disbursements.

D. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2011 disbursements did not exceed the amounts budgeted in any functions.

(2) Cash and Pooled Investments

The City's deposits in banks at June 30, 2011 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The City is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the City Council; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

At June 30, 2011, the City held none of these investments.

(3) Bonds and Notes Payable

Annual debt service requirements to maturity for general obligation bonds, urban renewal tax increment financing revenue bonds and revenue notes are as follows:

Year Ending June 30,	Urban Renewal Tax Increment General Obligation Bonds		General Obligation Aquatic Center Bonds		General Obligation Corporate Purpose Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	45,000	18,015	85,000	81,750	100,000	68,667
2013	50,000	16,395	90,000	79,625	100,000	65,667
2014	50,000	14,495	90,000	77,375	100,000	62,667
2015	55,000	12,495	90,000	75,125	100,000	59,667
2016	55,000	10,240	95,000	72,425	105,000	56,517
2017- 2029	180,000	16,420	1,565,000	541,225	1,495,000	343,880
Total	<u>\$435,000</u>	<u>88,060</u>	<u>2,015,000</u>	<u>927,525</u>	<u>2,000,000</u>	<u>657,065</u>

Year Ending June 30,	Aquatic Center Pledge Revenue Bonds		Total	
	Principal	Interest	Principal	Interest
2012	54,000	12,410	284,000	180,842
2013	50,000	10,115	290,000	171,802
2014	30,000	7,990	270,000	162,527
2015	30,000	6,715	275,000	154,002
2016	32,000	4,080	287,000	143,262
2017- 2029	96,000	4,080	3,336,000	905,605
Total	<u>\$ 292,000</u>	<u>45,390</u>	<u>4,742,000</u>	<u>1,718,040</u>

Urban Renewal Tax Increment Financing Revenue Bonds

The City issued \$605,000 of urban renewal tax increment financing (TIF) revenue bonds in June 2004 for the purpose of defraying a portion of the costs of various construction and refurbishing projects within the urban renewal district. The bonds are payable solely from the TIF receipts generated by increased property values in the City's TIF district and credited to the Special Revenue, Urban Renewal Tax Increment Fund in accordance with Chapter 403.19 of the Code of Iowa. TIF receipts are generally projected to produce 100 percent of the debt service requirements over the life of the bonds. The proceeds of the urban renewal tax increment financing revenue bonds shall be expended only for purposes which are consistent with the plans of the City's urban renewal area. The bonds are not a general obligation of the City, however, the debt is subject to the constitutional debt limitation of the City. For the current year, principal and interest paid were \$65,000 and \$2,665, respectively, and the bonds were paid in full as of June 30, 2011. The Code of Iowa requires principal and interest on tax increment financing bonds be paid directly from the Special Revenue - Urban Renewal Tax Increment Fund. However, \$8,969 was transferred from this fund to the Debt Service Fund during the year ended June 30, 2011. The bonds were subsequently paid from the Debt Service Fund.

(4) Pension and Retirement Benefits

The City contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Most regular plan members are required to contribute 4.50% of their annual covered salary and the City is required to contribute 6.95% of covered salary. Certain employees in special risk occupations and the City contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The City's contributions to IPERS for the years ended June 30, 2011, 2010, and 2009 were \$54,760, \$45,323, and \$38,279, respectively, equal to the required contributions for each year.

(5) Other Postemployment Benefits (OPEB)

Plan Description - The City operates a single-employer benefit plan which provides medical/prescription drug benefits for current employees and their spouses and families. IPERS eligible retirees and their spouses are able to participate in the plan at their own expense. There are 14 active and no retired members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug benefits are provided through a fully-insured plan with Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug benefits as the City pays on behalf of employees.

Funding Policy - The contribution requirements of plan members are established and may be amended by the City. The City currently finances the benefit plan on a pay-as-you-go basis. The most recent active member monthly premiums for the City are \$311 for single coverage, \$638 for employee and spouse coverage, and \$956 for employee, spouse, and children coverage. The same monthly premiums apply to retirees. For the year ended June 30, 2011, the City contributed \$119,197 to the plan.

(6) Compensated Absences

City employees accumulate a limited amount of earned but unused vacation and sick leave hours. Vacation leave is for subsequent use or for payment upon termination, retirement or death. Unused sick leave is forfeited upon termination, retirement, or death. The accumulation of vacation leave is not recognized as a disbursement by the City until used or paid. The City's approximate liability for earned vacation termination payments payable to employees at June 30, 2011, primarily relating to the General Fund, is as follows:

Type of Benefit	Amount
Vacation	<u>\$ 22,505</u>

This liability has been computed based on rates of pay in effect at June 30, 2011.

(7) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2011 is as follows:

Transfer to	Transfer from	Amount
General	Trust & Agency Library Improvement	\$ 5,014
Special Revenue	Enterprise	
Road Use	Storm Sewer User Fees	30,000
LOST	General	14,088
	Trust	
	Equipment Accruals	19,954
Debt Service	Special Revenue	
	LOST	15,000
	Enterprise	
	Storm Sewer User Fees	35,228
Capital Projects	Capital Projects	
Aquatic Center	Aquatic Facility	16,900
	Debt Service	2,119,918
Capital Projects	Capital Projects	
2009 S & S Sewer	FEMA Storm Sewer	989
Enterprise	Enterprise	
Sewer	Sewer Replacement	83,464
Enterprise	Enterprise	
Sewer Replacement	Sewer	4,508
Trust	Special Revenue	
Equipment Accruals	LOST	16,000
	Enterprise	
	Water	103,906
	Sewer Replacement	209,448
Trust	Special Revenue	
Economic Development	Road Use	41,503
	Employee Benefits	400

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to disburse the resources.

(8) Related Party Transactions

The City had business transactions between the City and City officials totaling \$5,971 during the year ended June 30, 2011.

(9) Risk Management

The City is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The City

assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(10) Deficit Fund Balance

The Capital Projects Funds – 2009 Sanitary and Storm Sewer Project, Snow Removal Equipment, and Snow Removal Building all had a deficit balances at June 30, 2011. The Council is aware of the deficit balance and is working to cure it.

Required Supplementary Information

City of Belle Plaine

Budgetary Comparison Schedule
of Receipts, Disbursements, and Changes in Balances -
Budget and Actual (Cash Basis) - All Governmental Funds and Proprietary Funds

Required Supplementary Information

Year ended June 30, 2011

	Governmental Funds Actual	Proprietary Funds Actual	Less Funds not Required to be Budgeted
Receipts:			
Property tax	\$ 951,931	-	-
Tax increment financing collections	10,286	-	-
Other city tax	180,412	-	-
Licenses and permits	17,094	-	-
Use of money and property	62,557	4,369	-
Intergovernmental	391,358	-	-
Charges for service	116,062	812,143	-
Special assessments	31,318	-	-
Miscellaneous	447,810	11,474	-
Total receipts	2,208,828	827,986	-
Disbursements:			
Public safety	372,683	-	-
Public works	399,783	-	-
Health and social services	9,228	-	-
Culture and recreation	368,389	-	-
Community and economic development	236,419	-	-
General government	216,510	-	-
Debt service	387,011	5,771	-
Capital projects	952,735	-	-
Business type activities	-	756,905	-
Total disbursements	2,942,758	762,676	-
Excess (deficiency) of receipts over (under) disbursements	(733,930)	65,310	-
Bond proceeds	2,354,410	-	-
Transfers in/out, (net)	40,406	(40,406)	-
Excess of receipts and other financing sources over disbursements and other financing uses	1,660,886	24,904	-
Balances beginning of year	1,788,443	388,720	-
Balances end of year	\$ 3,449,329	413,624	-

See accompanying independent auditor's report.

Net	Budgeted Amounts		Final to Net Variance
	Original	Final	
951,931	943,710	943,710	8,221
10,286	67,665	67,665	(57,379)
180,412	189,893	189,893	(9,481)
17,094	11,973	11,973	5,121
66,926	36,000	36,000	30,926
391,358	1,041,607	1,285,607	(894,249)
928,205	1,020,970	1,026,970	(98,765)
31,318	14,000	14,000	17,318
459,284	234,881	487,431	(28,147)
3,036,814	3,560,699	4,063,249	(1,026,435)
372,683	378,032	416,882	44,199
399,783	445,637	460,637	60,854
9,228	17,500	17,500	8,272
368,389	327,125	497,125	128,736
236,419	50,250	251,250	14,831
216,510	204,258	244,958	28,448
392,782	351,525	415,525	22,743
952,735	2,013,000	2,013,000	1,060,265
756,905	878,268	884,268	127,363
3,705,434	4,665,595	5,201,145	1,495,711
(668,620)	(1,104,896)	(1,137,896)	469,276
2,354,410	2,100,000	2,133,000	221,410
-	-	-	-
1,685,790	995,104	995,104	690,686
2,177,163	1,945,015	1,945,015	232,148
3,862,953	2,940,119	2,940,119	922,834

City of Belle Plaine

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2011

The budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds except Internal Service Funds and Fiduciary Funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon ten major classes of disbursements known as functions, not by fund or fund type. These ten functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects, business type activities and non-program. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Funds and Proprietary Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, two budget amendments increased budgeted disbursements by \$535,550. The budget amendments are reflected in the final budgeted amounts.

During the year ended June 30, 2011, disbursements did not exceed the amounts budgeted in the any function.

Other Supplementary Information

City of Belle Plaine

Statement of Cash Receipts, Disbursements
and Changes in Cash Balances
Nonmajor Governmental Funds

As of and for the year ended June 30, 2011

	Special Revenue					
	Road Use Tax	Employee Benefits	Local Option Sales Tax	Urban Renewal Tax Increment	I-JOBS	Aquatic Center Pledge Obligation
						REAP Grant
Receipts:						
Property tax	\$ -	188,403	-	-	-	-
Tax increment financing	-	-	-	10,286	-	-
Other city tax	-	-	180,412	-	-	-
Use of money and property	-	-	-	-	-	-
Intergovernmental	253,722	-	2,125	-	-	-
Charges for services	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-
Miscellaneous	-	1,470	-	-	15,295	6,690
Total receipts	253,722	189,873	182,537	10,286	15,295	6,690
Disbursements:						
Operating:						
Public safety	-	63,770	18,964	-	-	-
Public works	260,334	58,484	2,128	-	-	-
Health and social services	-	-	-	-	-	-
Culture and recreation	-	39,566	16,592	-	-	-
Community and economic develop	-	-	84,946	956	-	-
General government	-	25,572	-	-	-	-
Debt service	-	-	-	(956)	-	-
Capital projects	-	-	-	-	-	46,943
Total disbursements	260,334	187,392	122,630	-	-	46,943
Excess (deficiency) of receipts over (under) disbursements	(6,612)	2,481	59,907	10,286	15,295	6,690
Other financing sources:						
Revenue bond proceeds	-	-	-	-	-	-
Operating transfers in/(out)	-	-	(56,257)	(8,969)	-	64,470
Total other financing sources	-	-	(56,257)	(8,969)	-	64,470
Net change in cash balances	(6,612)	2,481	3,650	1,317	15,295	71,160
Cash balances beginning of year	8,644	147,506	299,466	972	570	-
Cash balances end of year	\$ 2,032	149,987	303,116	2,289	15,865	71,160
Cash Basis Fund Balances						
Restricted for:						
Streets	2,032	-	-	-	-	-
Other purposes	-	149,987	303,116	2,289	-	25,469
Committed for:						
Culture and recreation	-	-	-	-	-	71,160
Streets	-	-	-	-	15,865	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
	\$ 2,032	149,987	303,116	2,289	15,865	71,160

See accompanying independent auditor's report

Capital Projects						Trust and Agency			Total
4-Corners Industrial	Aquatic Center	CDGB Façade Improvement	2009 Sanitary & Storm Sewer Project	Snow Removal Equipment	Snow Equipment Building	Medical	Community Center	Economic Development	
-	-	-	-	-	-	-	-	-	188,403
-	-	-	-	-	-	-	-	-	10,286
-	-	-	-	-	-	-	-	-	180,412
131	-	-	-	-	-	13,811	3,777	-	17,719
-	-	-	-	-	-	-	-	135,185	391,032
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
132,707	65,000	-	12,074	-	-	-	8,050	-	313,698
132,838	65,000	-	12,074	-	-	13,811	11,827	135,185	1,101,550
-	-	-	-	-	-	-	-	-	82,734
-	-	-	-	-	-	-	-	-	320,946
-	-	-	-	-	-	9,228	-	-	9,228
-	-	-	-	-	-	-	12,268	-	68,426
-	-	-	-	-	-	-	-	140,760	226,662
-	-	-	-	-	-	-	-	-	25,572
-	-	-	-	-	-	-	-	-	(956)
139,872	112,878	-	137,003	16,128	17,595	-	-	-	470,419
139,872	112,878	-	137,003	16,128	17,595	9,228	12,268	140,760	1,203,031
(7,034)	(47,878)	-	(124,929)	(16,128)	(17,595)	4,583	(441)	(5,575)	(101,481)
-	350,000	-	-	-	-	-	-	-	350,000
(13,073)	(135,000)	1,800	216,800	-	-	-	-	-	69,771
(13,073)	215,000	1,800	216,800	-	-	-	-	-	419,771
(20,107)	167,122	1,800	91,871	(16,128)	(17,595)	4,583	(441)	(5,575)	318,290
61,111	(100,968)	(1,800)	(92,066)	(8,370)	-	3,630	78,402	69,343	466,440
41,004	66,154	-	(195)	(24,498)	(17,595)	8,213	77,961	63,768	784,730
-	-	-	-	-	-	-	-	-	2,032
-	-	-	-	-	-	-	-	-	480,861
-	-	-	-	-	-	-	-	-	71,160
-	-	-	-	-	-	-	-	-	15,865
-	66,154	-	-	-	-	8,213	77,961	63,768	216,096
41,004	-	-	(195)	(24,498)	(17,595)	-	-	-	(1,284)
41,004	66,154	-	(195)	(24,498)	(17,595)	8,213	77,961	63,768	784,730

City of Belle Plaine

Statement of Cash Receipts, Disbursements
and Changes in Cash Balances
Nonmajor Proprietary Funds

As of and for the year ended June 30, 2011

	Storm Sewer User Fees	Yard Waste	Water Revenue Bond Sinking	Sewer Replacement	Meter Deposits	Total
Operating receipts:						
Use of money and property	\$ -	-	285	904	-	1,189
Charges for service	59,956	7,056	-	-	2,700	69,712
Miscellaneous	-	-	-	-	-	-
Total operating receipts	59,956	7,056	285	904	2,700	70,901
Operating disbursements:						
Business type activities	2,918	3,205	-	-	2,928	9,051
Total operating disbursements	2,918	3,205	-	-	2,928	9,051
Excess (deficiency) of operating receipts over (under) operating disbursements	57,038	3,851	285	904	(228)	61,850
Operating transfers in/(out)	(38,990)	-	-	-	-	(38,990)
Net change in cash balances	18,048	3,851	285	904	(228)	22,860
Cash balances beginning of year	7,010	-	28,633	56,032	5,353	97,028
Cash balances end of year	\$ 25,058	3,851	28,918	56,936	5,125	119,888
Cash Basis Fund Balances						
Assigned	\$ -	-	-	56,936	-	56,936
Unassigned	25,058	3,851	28,918	-	5,125	62,952
	\$ 25,058	3,851	28,918	56,936	5,125	119,888

See accompanying independent auditor's report

Schedule 3

City of Belle Plaine

Schedule of Indebtedness

Year ended June 30, 2011

Obligation	Date of Issue	Interest Rates	Amount Originally Issued
General obligation bonds:			
Refunding Notes	Jun 10, 2004	2.0 - 4.10 %	605,000
Corporate Purpose Bonds, Series 2008	Jul 21, 2008	3.0 - 4.5	535,000
Aquatic Center Bonds, Series 2009A	Sept 15, 2009	2.5 - 4.75	2,100,000
Corporate Purpose Bonds, Series 2011A	May 15, 2011	3.0 - 4.0	2,000,000
Revenue bond:			
Aquatic Center Pledge Revenue Bond	July 1, 2010	4.25	350,000

See accompanying independent auditor's report

Schedule 3

Balance Beginning of Year	Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid	Interest Due and Unpaid
\$ 65,000	-	65,000	-	2,665	-
480,000	-	45,000	435,000	19,545	-
2,100,000	-	85,000	2,015,000	83,875	-
-	2,000,000	-	2,000,000	-	-
2,645,000	2,000,000	195,000	4,450,000	106,085	-
-	350,000	58,000	292,000	12,530	-
\$ -	350,000	58,000	292,000	12,530	-

City of Belle Plaine
Bond and Note Maturities

June 30, 2011

Year Ending June 30,	General Obligation Bonds						Total
	Corporate Purpose		Aquatic Center		Corporate Purpose		
	Issued Jul 21, 2008		Issued Sept 15, 2009		Issued May 15, 2011		
2012	3.60	45,000	2.50	85,000	3.00	100,000	230,000
2013	3.80	50,000	2.50	90,000	3.00	100,000	240,000
2014	4.00	50,000	2.50	90,000	3.00	100,000	240,000
2015	4.10	55,000	3.00	90,000	3.00	100,000	245,000
2016	4.20	55,000	3.00	95,000	3.00	105,000	255,000
2017	4.30	55,000	4.00	95,000	3.25	105,000	255,000
2018	4.40	60,000	4.00	100,000	3.25	105,000	265,000
2019	4.50	65,000	4.00	100,000	3.25	110,000	275,000
2020		-	4.00	105,000	3.25	115,000	220,000
2021		-	4.25	110,000	3.20	115,000	225,000
2022		-		-	3.40	120,000	120,000
2023		-	4.50	235,000	3.50	125,000	360,000
2024		-		-	3.65	130,000	130,000
2025		-	4.50	250,000	3.80	135,000	385,000
2026		-		-		-	-
2027		-	4.75	275,000		-	275,000
2028		-		-	4.00	435,000	435,000
2029		-	4.75	295,000		-	295,000
Total		435,000		2,015,000		2,000,000	4,450,000

Year Ending June 30,	Revenue Bond	
	Issued July 1, 2010	
2012	4.25	54,000
2013	4.25	50,000
2014	4.25	30,000
2015	4.25	30,000
2016	4.25	32,000
2017	4.25	32,000
2018	4.25	34,000
2019	4.25	30,000
		292,000

See accompanying independent auditor's report

City of Belle Plaine

Schedule of Receipts by Source and Disbursements By Function
All Governmental Funds

	2011	2010	2009	2008	2007	2006	2005	2004
Receipts:								
Property tax	\$ 951,931	803,381	774,383	712,991	747,305	745,619	790,604	775,342
Tax increment financing	10,286	71,945	135,197	129,116	119,692	113,268	113,739	102,655
Other city tax	180,412	192,256	185,828	264,321	228,810	299,037	148,016	867
Licenses and permits	17,094	25,378	15,034	15,950	15,012	10,585	10,056	6,490
Use of money and property	62,557	79,819	69,630	66,877	42,497	36,205	28,542	29,740
Intergovernmental	391,358	379,400	784,825	273,785	254,209	244,444	351,415	261,038
Charges for service	116,062	90,153	149,978	71,225	73,210	105,063	68,172	69,554
Special assessments	31,318	14,088	14,673	21,352	13,934	6,829	1,490	3,411
Miscellaneous	447,810	970,672	353,016	136,703	343,880	194,892	239,675	221,998
Total	2,208,828	2,627,092	2,482,564	1,692,320	1,838,549	1,755,942	1,746,709	1,471,095
Disbursements:								
Operating:								
Public safety	372,683	528,112	528,112	383,878	344,252	335,867	290,660	321,695
Public works	399,783	410,862	410,862	452,971	338,178	367,577	489,343	274,544
Health and social services	9,228	8,855	8,855	14,280	15,246	5,940	6,532	9,424
Culture and recreation	368,389	340,257	340,257	291,192	300,628	288,343	345,254	262,247
Community and economic development	236,419	77,607	77,607	39,134	33,713	6,614	-	17,569
General government	216,510	217,578	217,578	172,242	152,491	161,333	164,953	170,272
Debt service	387,011	222,552	222,552	287,010	198,285	328,431	253,919	862,480
Capital projects	952,735	515,438	515,438	64,558	207,504	47,566	146,354	160,931
Total	\$ 2,942,758	2,321,261	2,321,261	1,705,265	1,590,297	1,541,671	1,697,015	2,079,162

See accompanying independent auditor's report

City of Belle Plaine

Schedule of Expenditures of Federal Awards

Year ended June 30, 2011

Grantor/Program	CFDA Number	Agency Pass-through Number	Program Expenditures
U.S. Department of Housing and Urban Development: Iowa Department of Economic Development Community Development Block Grant			
Project Number:	14.228	08-HSG-081	\$ 127,680
Project Number:	14.228	09-DTR-004-04-05	395,456
Project Number:	14.228	10-OT-002	81,826
U.S. Department of Transportation - Federal Aviation Administration Airport Improvement Program			
Project Number:	20.106	3-19-0131-05-2010	107,206
Project Number:	20.106	3-19-0131-06-2010	22,220
Total			\$ 734,388

Basis of Presentation - The Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Belle Plaine and is presented in conformity with an other comprehensive basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

See accompanying independent auditor's report.

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Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards

To the Honorable Mayor and
Members of the City Council:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Belle Plaine, Iowa, as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements listed in the table of contents, and have issued our report thereon dated September 30, 2011. Our report expressed unqualified opinions on the financial statements which were prepared in conformity with an other comprehensive basis of accounting. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Belle Plaine's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of the City of Belle Plaine's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Belle Plaine's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting we consider to be material weaknesses and other deficiencies we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the City of Belle Plaine's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in Part II of the accompanying Schedule of Findings and Questioned Costs as item II-A-11 to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those

charged with governance. We consider the deficiencies described in Part II of the accompanying Schedule of Findings and Questioned Costs as item II-B-11 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Belle Plaine's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance that are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2011 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

The City of Belle Plaine's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the City's responses, we did not audit the City of Belle Plaine's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of the City of Belle Plaine and other parties to whom the City of Belle Plaine may report. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the City of Belle Plaine during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.



RIDIHALGH, FUELLING, SNITKER, WEBER, & CO., P.C., CPA'S

September 30, 2011

**Independent Auditor's Report on Compliance
with Requirements That Could Have a Direct and Material Effect
on Each Major Program and on Internal Control over Compliance in Accordance
with OMB Circular A-133**

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Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133

To the Honorable Mayor and
Members of the City Council:

Compliance

We have audited City of Belle Plaine, Iowa's compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on Sample City's major federal program for the year ended June 30, 2011. City of Belle Plaine's major federal program is identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to its major federal program is the responsibility of City of Belle Plaine's management. Our responsibility is to express an opinion on City of Belle Plaine's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Belle Plaine's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on City of Belle Plaine's compliance with those requirements.

In our opinion, City of Belle Plaine complied, in all material respects, with the requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2011.

Internal Control Over Compliance

The management of City of Belle Plaine is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grant agreements applicable to federal programs. In planning and performing our audit, we considered City of Belle Plaine's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of Belle Plaine's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and, therefore, there

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can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis.

City of Belle Plaine's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the City's responses, we did not audit City of Belle Plaine's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of City of Belle Plaine and other parties to whom City of Belle Plaine may report, including federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.



RIDIHALGH, FUELLING, SNITKER, WEBER, & CO., CPA'S

September 30, 2011

City of Belle Plaine
Schedule of Findings and Questioned Costs
Year Ended June 30, 2011

Part I: Summary of the Independent Auditor's Results:

- (a) Unqualified opinions were issued on the financial statements which were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.
- (b) Significant deficiencies and material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weakness in internal control over the major program was disclosed by the audit of the financial statements.
- (e) An unqualified opinion was issued on compliance with requirements applicable to the major program.
- (f) The audit disclosed audit findings which are required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) The major program was CFDA Number 14.228 - Community Development Block Grants/State's Program.
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) City of Belle Plaine did not qualify as a low-risk auditee.

City of Belle Plaine

Schedule of Findings and Questioned Costs

Year Ended June 30, 2011

Part II: Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

- II-A-11 Segregation of Duties – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible.

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, the City should review its control procedures to obtain the maximum internal control possible under the circumstances.

Response – We will consider this.

Conclusion – Response acknowledged. The City should segregate duties to the extent possible with existing personnel and utilize administrative personnel to provide additional control through review of financial transactions and reports.

- II-B-11 Preparation of Financial Statements - The City of Belle Plain, Iowa does not employ an accounting staff with the technical expertise to prepare its financial statements (including footnotes disclosures) in conformity with accounting principles general accepted in the United States of America; therefore, it relies on its auditors to prepare such statements.

Response – Management feels that having the auditors draft the financial statements and notes is a tolerable situation. Internal financial statements are prepared monthly for reporting and decision making purposes. The requirements and form of the audited statements are different than the internal needs and change occasionally. Given the size of the organization, it is helpful to rely on the expertise of the auditors to monitor those requirements. Management approves the draft financial statements prior to their issuance.

Conclusion – Response acknowledged.

INSTANCES OF NON-COMPLIANCE:

No matters were reported

City of Belle Plaine
Schedule of Findings and Questioned Costs
Year Ended June 30, 2011

Part III: Findings and Questioned Costs For Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

CFDA Number 14.228: Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii

Pass-through Agency Number: 08-HSG-081, 09-DTR-004-04-05, and 10-OT-02

Federal Award Year: 2011

U.S. Department of Housing and Urban Development

Passed through the Iowa Department of Economic Development

CFDA Number 20.106: Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii

Project Number: 3-19-0131-05-2010 and 3-19-0131-06-2010

Federal Award Year: 2011

U.S. Department of Transportation, Federal Aviation Administration, Airports Division

No matters were noted.

City of Belle Plaine

Schedule of Findings and Questioned Costs

Year Ended June 30, 2011

Part IV: Other Findings Related to Statutory Reporting:

IV-A-11 Certified Budget – Disbursements during the year ended June 30, 2011 did not exceed the amounts budgeted in any function.

IV-B-11 Questionable Disbursements – No disbursements were noted that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.

IV-C-11 Travel Expense – No disbursements of City money for travel expenses of spouses of City officials or employees were noted.

IV-D-11 Business Transactions – Business transactions between the City and City officials or employees are detailed as follows:

Name, Title, and Business Connection	Transaction Description	Amount
Al Dvorak, City Employee	Contract for meter reading	\$ 3,720

In accordance with Chapter 362.5(1) of the Code of Iowa, the amount paid to the employee for services in the second transaction, \$3,720, does not appear to represent a conflict of interest because the "payment of lawful compensation of a city employee holding more than one city office or position, the holding of which is not incompatible with another public office and is not prohibited by law."

IV-E-11 Bond Coverage – Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.

IV-F-11 Council Minutes – Transactions were found that we believe should have been approved in the Council minutes but were not. Seven transfers between funds were not approved by the council.

Recommendation – The Council should approve all transfers in the minutes of their meetings.

Response – We will approve all fund transfers in the future.

Conclusion – Response accepted.

IV-G-11 Deposits and Investments – No instances of non-compliance with deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the City's investment provisions were noted.

IV-H-11 Payment of General Obligation Bonds – The City properly paid for its general obligation bonds out of the Debt Service fund.

City of Belle Plaine

Schedule of Findings and Questioned Costs

Year Ended June 30, 2011

IV-I-11 Financial Condition – As of June 30, 2011, the Capital Projects – 2009 Sanitary and Storm Sewer Project had a deficit balance of \$195; Capital Projects – Snow Removal Equipment had a deficit balance of \$24,498; Capital Projects – Snow Equipment Building had a deficit balance of \$17,595.

Recommendation – The City should investigate alternatives to eliminate these deficits in order to return this fund to a sound financial position.

Response – The City is anticipating receiving several grants which will eliminate these deficit balances.

Conclusion – Response accepted.

City of Belle Plaine

Staff

This audit was performed by:

Don Snitker, CPA, Partner
Gina Trimble, CPA, Manager
Dana Elliott, CPA, Staff